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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2010-11)**

FIFTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(DEPARTMENT OF POSTS)**

**DISBURSEMENT OF WAGES TO LABOURERS UNDER MAHATMA GANDHI
NATIONAL RURAL EMPLOYMENT GUARANTEE ACT BY POST OFFICES**



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2011/Bhadra, 1933 (Saka)

TWENTY FIFTH REPORT

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***Presented to Lok Sabha on 25/08/2011
Laid in Rajya Sabha on 25/08/2011***



**LOK SABHA SECRETARIAT
NEW DELHI**

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COMPOSITION OF STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2010-2011)

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Lok Sabha

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4. Vacant **
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- | | | | |
|----|----------------|---|-----------------|
| 1. | T.K. Mukherjee | - | Joint Secretary |
| 2. | Sudesh Luthra | - | Director |

* Nominated to the Committee w.e.f. 21st September, 2010.

** vice Shri Milind Deora, ceased to be a member of the Committee consequent on his appointment as Minister of State for Communications and IT on 12.07.2011.

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2010-11) having been authorized by the Committee to submit the Report on their behalf, present this Twenty-fifth Report on the subject 'Disbursement of wages to labourers under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) by Post Offices' related to the Ministry of Communications and Information Technology (Department of Posts).

2. Since the Department of Rural Development (Ministry of Rural Development) is the nodal Department with regard to implementation of MGNREGA, the Committee besides getting input from the Department of Posts also procured the feedback from the Department of Rural Development through written replies and deliberations held on the various aspects related to examination of the subject. The Committee took oral evidence of both the Departments viz. Department of Posts and the Department of Rural Development at their sitting held on 12 January, 2011.

3. The Report was considered and adopted by the Committee at their sitting held on 10 August, 2011.

4. The Committee wish to express their thanks to the representatives of the Department of Posts (Ministry of Communications and Information Technology) and the Department of Rural Development (Ministry of Rural Development) for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the subject.

5. For facility of reference and convenience, the Recommendations/Observations of the committee have been printed in bold in Part-II of the Report.

New Delhi
23 August, 2011
1 Bhadra, 1933 (Saka)

RAOINDERJITSINGH
Chairman
Standing Committee on
Information Technology

REPORT

PART-I

Introductory

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), a landmark social security legislation, epitomizes the right to employment on demand and aims to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult member volunteer to do unskilled manual work. MGNREGA, which includes 34 sections and two Schedules, was enacted in September, 2005 and was notified in 200 districts in the first phase with effect from 2 February, 2006. Further, it was made applicable to all the rural areas of the country w.e.f. 1 April, 2008. Currently, MGNREGA covers the entire country, spanning 619 Districts, 6400 Blocks, 6 lakh villages and around 2.35 lakh village Panchayats. However, it does not cover the Districts that have a hundred per cent urban population.

2. Payment of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) wages, as per paragraph 31 of the Schedule-II of MGNREGA, are to be made through the individual or joint saving accounts of the MGNREGS workers opened in Banks or in Post Offices. Sub-section 3 of Section 3 of the MGNREGA provides that the disbursement of daily wages shall be made on a weekly basis or in any case not later than a fortnight after the date on which such work was done. For payments of wages, Banks have been associated with the Scheme since its inception. However, Post Offices joined later on, when the Ministry of Rural Development, which is overseeing the task of implementation of the Act, showed interest in getting the wage disbursal to the wage earners done through Post Offices saving accounts for ensuring accuracy and transparency in the system of wage disbursal. The notification for payment through Post Offices was issued in February, 2009 and accordingly, the Department of Posts undertook the work of wage payment under MGNREGA. Currently, the Scheme of disbursement of MGNREGS wages through Post Office accounts is operational in 19 Postal Circles (26 States and 5 UTs) of the country. However, the MGNREGS wages are not paid through the Post Offices in Delhi, J&K, Tamil Nadu and Puducherry.

3. In States where MGNREGS wages are being paid through Post Offices a model Memorandum of Understanding (MOU) was prepared in consultation with the Ministry of Rural Development, which has been signed by the Postal Circles and the concerned State Governments. In this MOU, the obligation of the Department of Posts, State Governments and MGNREGA Authority has been explained. Under the present arrangement, the Post offices receive funds from State Governments along with the wage lists of beneficiaries and the payment is made through the accounts opened by the Post Offices in the name of the MGNREGS beneficiaries and in accordance to the wage schedules received from the State Government authorities.

4. The Committee during the course of deliberations of the subject 'Modernization of Post Offices' held detailed discussion regarding the role of Post Offices in disbursement of wages to the labourers under MGNREGA and how to make it more effective with the modernization of Post Offices at their sitting held on 18 August, 2010. The representatives of the Department of Posts and the Department of Rural Development which is nodal Department for implementation of MGNREGA were present at the aforesaid sitting of the Committee. After detailed deliberations, the Committee decided to select the subject 'Disbursement of wages to labourers under MGNREGA by Post Offices' taking into consideration the importance of the matter for detailed examination and report to the House. In the aforesaid background, the Committee selected the said subject for examination and report to the House. Since the Department of Rural Development is the nodal Department with regard to implementation of MGNREGA, the Committee besides getting inputs from the Department of Posts also procured the feedback from Department of Rural Development through written replies and deliberations on various aspects related to examination of the subject. The detailed material/documents received from the Department of Posts and the Department of Rural Development with regard to disbursement of wages under MGNREGA by Posts as received in the context of the subject 'Modernization of Post Offices' remained as the Preliminary Material for the purpose of examination of the subject 'Disbursement of wages to labourers under MGNREGA by Post Offices'.

5. The various issues pertaining to the subject which include the percentage share of Post Offices in disbursement of wages to labourers, delay in disbursement

of wages, wages disbursed through cash, satisfaction level of labourers, corruption and role of middlemen in disbursement of wages and the system of Redressal of grievances of labourers along with the constraints in disbursement of wages as expressed by the Department of Rural Development and Department of Posts have been examined in this report. As stated above, the Department of Rural Development is the nodal Union Department in the context of the examination of the aforesaid subject. The Committee desire the Department of Posts to pursue with the Department of Rural Development on the various issues raised in the report and ensure that the recommendations/observations made are duly implemented.

The amount disbursed as well as number of MGNREGA accounts in Post Offices during each of the year since the Post Offices started disbursement of wages to labourers.

6. As per the information furnished by the Department of Posts, the number of accounts opened and the amount disbursed by Post Offices under MGNREGA during the years 2008-09, 2009-10 and 2010-11 are as under:-

Year	No. of accounts	Amount disbursed (in Rs.)
2008-09	2.92 crores	3,863 crore
2009-10	4.25 crores	7,900 crore
2010-11 (upto 31.10.2010)	4.67 crores	7,113 crore

7. The Department of Rural Development in this regard furnished the different data. The data furnished by the Department of Rural Development is as under:-

Year	No. of Post Office Accounts*	Amount disbursed (in Rs.)
2008-09	3.02 crore	4152.94 crore
2009-10	4.38 crore	8926.25 crore
2010-11 (upto November, 2010)	4.38 crore	5891.01 crore (Upto November, 2010)

*Both individual and joint accounts.

8. When asked to explain the contradiction in the above data, the DoP stated that the data available with the Department of Posts has been compiled from reports received from all the Postal Circles. Accordingly, the Department of Posts has actually disbursed the amount as shown above.

9. On the issue of contradiction in data, the representative of Posts during the course of deliberations submitted as under:-

"As far as Post Office is concerned, we collect these figures from the Post Offices as to how much money they receive from the State Government for the disbursement of the NREGA wages. The Rural Development Ministry depends on its website. As the representative of the Rural Development Ministry has mentioned, these figures are entered by the concerned State Governments about the money they have been disbursing through the banks and also through the Post Offices. There is a time lag between the actual disbursement of the wages through Post Offices and banks and the entering of these figures in the website. I think, that may be the reason for this. Our post offices give these figures as on 31st October whereas their website may be slightly behind to give all the figures on whatever has been disbursed."

10. On the discrepancy in data, the representative of Department of Rural Development acknowledged during the course of deliberations that there is a discrepancy in this regard. He further stated as under:-

"The discrepancies that the Committee has observed cannot be eliminated unless we go into online real time entry of both the muster and as soon as the work is measured, if it again goes to the web-based server, then we can reduce the delay. Second part of the delay is about the business correspondent model where the labourers can get the payment in their own villages. These two things have to be synchronized."

11. The Operational Guidelines, 2008 further elaborate provision for Financial Audit of the accounts of MGNREGA. (copy at Appendix-I). As per the provision, Financial Audit is mandatory and must be conducted at the end of the financial year by each District. As per the provision, the Accountant-General will also conduct the audit of accounts of MGNREGA in addition to the audit conducted by the Chartered Accountant.

12. The representative of the Department of Rural Development further added during the course of deliberations as under:-

"On the muster roll for each worker, we also mention the account and whether it is in the post office or in a bank. So, it is possible that in the muster roll which has about 20 workers, some of them are having accounts in the banks and that gets credited in the bank and the rest gets credited into the post offices. So, what the Ministry is capturing is the pay advice, pay order that they have generated and submitted

to the post office. And what the post offices should be capturing is actually the money that has been disbursed by the post offices. The discrepancy actually gets resolved when the audit is done for every gram Panchayats. There is a delay when the accounts are closed. So, in the absence of an online time system, this discrepancy is resolved only when we do the audit....xxxx....this (audit) has to be done by the State for each Gram Panchayat. That is why it takes time."

13. When enquired about the periodicity of audit by Panchayats, the representative further clarified that Panchayats undertake the annual audit. When further asked about the reason of difference of data in case of the year 2008-09 and 2009-10 where the Panchayats audit has already been done, the representative of Rural Development responded as under:-

"Right now I am not able to say that"

14. The representative of Rural Development further added that:-

"The payment system is not connected on a real time basis with the MGNREGA ICT system. MGNREGA system itself is not working on a real time basis. So, that is the first deficiency for which the Ministry has now initiated action for the whole country that in every location we should be able to have an online real time system of capturing the attendance of almost five crore workers on a daily basis. So, the timeline for completing this is about 21 months, which is in tune with the roll of the National Population Register which the Registrar General keeps."

The overall share of Post Offices in disbursement of wages to labourers under MGNREGA vis-à-vis Banks.

15. When asked about the overall share of Post Offices in disbursement of wages to labourers under MGNREGA vis-à-vis Banks, the Department of Posts has stated that for the information relating to Banks, Department has been getting the data available on Ministry of Rural Development website. This data i.e. available at Ministry of Rural Development web site is dynamic as the time taken to complete the data entry at various data entry points vary. In this connection, the Department of Rural Development informed the Committee that in the year 2009-10, out of total amount of Rs. 21625.18 crore disbursed as wages to unskilled labourers through Post Office/Bank Accounts, an amount of Rs. 8864.98 crore was disbursed through Post Offices and Rs. 12760.20 crore was disbursed through Bank accounts which comes to 40.99 per cent. In a later note, the Department of

Posts furnished the percentage share of Posts on the basis of information received by them from Ministry of Rural Development. As per the position indicated in the replies, the overall share of Posts during 2008-09 was 38 per cent which increased to 40 per cent during 2009-10.

State-wise status of disbursement of wages under MGNREGA

16. So far as the State-wise position is concerned, during the year 2009-10, the information furnished by Department of Rural Development indicates that the maximum share of Posts was in Bihar i.e. 86 percent followed by Andhra Pradesh i.e. 80 per cent.

17. The analysis of the data further reveal that in 7 States viz. Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Jharkhand, Maharashtra and West Bengal, the amount of wages disbursed through Post Office accounts is more than wages disbursed through Bank accounts. In Mizoram, the share of Posts and Banks is 50 per cent each. In the remaining States/UTs, Banks have more share in this regard. In some of the States, the share of the Department of Posts is quite dismal. In Uttar Pradesh, the share of Posts is just 2 per cent. In Kerala, it is 5 per cent and in Tamil Nadu and Goa the share of Posts is Nil. In difficult area States, the share of Posts is almost negligible. In J&K, Posts share is 1 per cent. In Meghalaya it is 3 per cent. In Nagaland, Andaman and Nicobar Island, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep, Puducherry the share of Posts is Nil.

18. When enquired about the specific reasons for choosing Banks as disbursing agency in most of the States/UTs, the Department of Posts in the written note has stated that the choice of Banks or the Post Offices as the medium of wage payments under MGNREGA in a particular State rests with the concerned State Government. The notification for payment through Post Offices was issued in February, 2009. Thus, Banks have been associated with wage payments right from the inception of the scheme whereas Post Offices joined later. Apparently, most of accounts opened in Banks have continued with them.

Wages disbursed through cash

19. Payment of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) wages, as per paragraph 31 of the Schedule-II of MGNREGA, are to

be made through the individual or joint saving accounts of the MGNREGS workers opened in Banks or in Post Offices.

20. The position of funds release, unskilled wages paid, wages through posts and Banks as per the information furnished by the Department of Rural Development is as under:-

(Rs. in lakhs)			
Year	Funds Released	Unskilled wages	Wages disbursed through Posts and Banks
2008-09	2993960	1820003.13	1083269.72
2009-10	3350661.09	2557932.28	2215158.07
2010-11 (upto November, 2011)	2434225.95	1326125.88	1389989.97

21. The analysis of the data reveal that there are gaps between total wages disbursed and the total amount disbursed by the Department of Posts/Banks. It is noticed that there is a gap of Rs. 7367.33 crore during the year 2008-09, Rs. 3427.74 crore during the year 2009-10 and Rs. 638.64 crore during the year 2010-11 up to November, 2010. The aforesaid gaps indicate that disbursement of wages by cash is being made which is in violation of the provisions made under the Act and Rules, particularly in Tamil Nadu where most of the payment is being made by cash.

22. The overall percentage of disbursement of wages through accounts during the year 2008-09 was 59.53 per cent which improved considerably to 84 per cent during the year 2009-10 as per the information furnished by the Department of Rural Development. The State-wise position with regard to wages disbursed through accounts during the year 2009-10 as made available to the Committee by the Department of Rural Development further reveal that in Gujarat, Madhya Pradesh, Uttar Pradesh, Uttarakhand, Dadra and Nagar Haveli and Goa 100 per cent of the wages are disbursed through accounts. In Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Tripura and Lakshadweep the wages disbursed through accounts are less than 50 percent during the year 2009-10. In Tamil Nadu only 0.14 per cent wages are disbursed through accounts. In Lakshadweep although 158.23 lakhs of unskilled wages have been shown to be disbursed during the year 2009-10, the percentage wage disbursement through accounts is zero.

23. Justifying the disbursement of wages by cash by some of the States/UTs, the Department of Rural Development in their written note submitted as under:-

"As per Paragraph 31 of Schedule-II of Mahatma Gandhi NREG Act, 2005, the payment of wages shall be made through the individual or joint saving accounts of the workers in the banks or post offices opened in accordance with the directions of the Central Government. Time and again States/Union Territories have been reminded about these legal provisions and asked to adhere to them. Despite this, some States have been disbursing wages in cash in some areas of the State due to various possible reasons like inadequate infrastructure, inadequate manpower and limited outreach of banks/post offices. Apart from this, in exercise of powers conferred under Section 27(1) of Mahatma Gandhi NREG Act, Chhattisgarh (Bijapur and Dantewada Districts) and Maharashtra (Gadhchiroli, Nandurbar, Thane and Amravati (Melghat) Districts) have been given exemption from payment of wage through Banks and Post Offices in areas experiencing Left-Wing Extremism in its worst form and also where banking facilities and Post Offices are also very few in number. Owing to this, wage disbursement is becoming difficult. While granting the permission the State Government was also advised to explore the possibility of making payment of wages through institutional account, so that the statutory requirements regarding disbursements of wages through Banks and Post Office accounts may be complied with. It may be submitted while it is mandatory under MGNREGA to pay wages through Bank/Post Office accounts, at the same time cash payment is inescapable in case of genuine difficulties lest it will negate the legal obligation of the implementing agencies to pay wages for the work done by the poorest of the poor workers".

24. When enquired how Tamil Nadu which is not a naxalite affected area is making payment of MGNREGA wages by cash, the representative of the Department of Rural Development during the course of deliberations submitted as under:-

"Tamil Nadu is a case where the payment is being made by cash.....xxxx.....There is no extremism there.....xxxx.....The IT connectivity is very good there. I am also puzzled as to why Tamil Nadu is doing like this."

25. The representative further added as under:-

"Except for the Left Wing Extremist affected districts, the Ministry has not authorized to make this payment in cash. In case of Tamil Nadu, there is no justification for cash payment."

Satisfaction level of wage earners under MGNREGA-Performance of Posts vis-à-vis Banks

26. The Secretary, Department of Rural Development during the course of deliberations held on 18th August, 2010 referred to a study by Dreze and Khera in which they have analyzed in four States the working of Banks and Posts Offices and found that payment in Banks was better than Post Offices and the complaints of the clients were less. The Secretary also stated that it is an academic article. When the comments of the Department of Posts were asked on the said study, the Committee have been informed that the Ministry of Rural Development is being requested to send to a copy of the said study.

27. When asked whether any study to find the satisfaction level of labourers was undertaken by Posts, the Committee have been apprised that no specific study to find out the satisfaction level of labourers has been done. The Department has further stated that they have no plan to undertake such study in the near future.

28. The Department of Posts in the written note has claimed that the postal system of disbursing wages is same across all the States and offers similar advantages of an effective and systematic wage disbursement system along with a much greater outreach than the Banks. In some States, the State Governments have decided to take advantage of this system more than the other State Governments. The Department of Posts has further stated that Postal system is same in all the States and in some States the State governments prefer Post Offices over banks. When asked about the dismal performance in larger States like Uttar Pradesh, the Department has stated that it is not possible to find reasons for the lesser share of Posts in Uttar Pradesh.

29. When asked why the Banks are being preferred over Posts by the State Governments, the Department of Rural Development has responded that the concerned State Governments have been taking such decisions. There may be historical reasons as well, as the system of payment through Post Offices was institutionalized after the Banks were already entrusted with the job by various State Governments.

30. The representative of the Department of Rural Development during the course of oral evidence while giving a review of the services provided by Posts and

Banks submitted before the Committee that the efficiency of the Banks is certainly more than Posts Offices the reason being modernization of Banks and adoption of Business Correspondent model by all Banks.

31. In the written note, the Department of Rural Development further elaborated about the reasons for labourers preference of Banks over Post Offices in the disbursement of wages under MGNREGA which are given as under:-

- (i) Chances of delayed payment are more through Post Offices because payment to Post Offices is made through cheque. On-line transaction is possible in Banks through CBS system which is lacking in the Post Offices.
- (ii) Technical knowledge of handling accounts and finance is missing in most of the Post Offices because their mandate is communication rather than finance.
- (iii) Better infrastructure in Banks as compared with Post Offices.
- (iv) Postal system is not fully computerized. It is difficult to integrate with Programme Management System which is computer based.

Delay in payment of wages

32. Section 3(3) of the MGNREG Act provides for disbursement of daily wages on weekly basis or in any case not later than a fortnight after the date on which the work was done. However, as per Para 7.2 of Annexure II of MoU, payments are to be completed within 3 days from the date of receipt of wage list and availability of funds.

33. The Department of Rural Development has informed that a flow chart with time schedule has been suggested to the States to ensure payment of wages within a fortnight.

34. The time schedule for different activities in the flow chart is as under:-

Sl. No.	Activity	Time Schedule
1.	Closing of muster roll	6th Day after start of the work.
2.	Brining muster roll measurement book.	8th Day
3.	(i) Entry of muster roll in MIS (ii) Generation of Pay Order (Consolidated as well individual)	9 th and 10 th Day
4.	(i) Submission of pay order at the block post office/bank	11th Day and 12th Day

	(ii) Generation of information wage slip	
	Transfer of pay order at the village post office/bank	
	Deposit of wages in the account of wage earners	13th Day
5.	Entry of disbursement of wage into MIS	16th Day

35. As per CAG Performance Audit Report No. 11 of 2008 in 213 GPs in Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Orissa, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal (17 States), workers were not paid wages on time i.e. within a fortnight of the date on which the work was done. No compensation was paid to them.

36. When asked about the comments of the Departments of Rural Development and Posts on the CAG observation, the Department of Posts has stated that disbursement of wages starts on the next day of receipt of wage list and on the availability of funds. The Department of Rural Development in this regard has stated that measurement of work is a pre-requisite for preparation of bills for wage payment. To ensure timely measurement of work, instructions have been issued to the States from time to time to deploy sufficient number of technical personnel with the implementing authorities.

37. When asked about the specific cases of delay in disbursement of wages year-wise, the Department of Rural Development has responded that the Ministry has received 40 complaints relating to delay in payment of wages. The Department of Rural Development has further added in the written note that one of the main bottlenecks in timely disbursement of wages is delay in payment of wages under MGNREGA through Post Offices even after timely issuance of payment advice to sub Post Offices. Since implementation of the Act is done by the State Governments as per the schemes formulated by them in accordance with the provisions of the Act, all complaints received in the Ministry are forwarded to the concerned State government for taking appropriate action.

38. On the issue of specific complaints by Posts with regard to delay in disbursement of wages to MGNREGA labourers, the Department of Posts at one place in the replies has stated that as per reports received from the Postal Circles, no specific complaint has been received. At another place in the written note, the

Department while acknowledging the delay has stated that there are cases where wage earners could not withdraw the amount within three days. In most of these cases, delay in payment is due to non-appearance of wage earner on the dates of payment made by Post Offices.

39. When asked about the initiatives taken by Posts to address the issue of non-appearance of the wage earners on the dates of payment made by Posts, the Committee have been informed that the Department intimates to the mates of workers and the Panchayat Office through its delivery staff. Information is also displayed on the Post Office notice boards. The delivery staff is also instructed to inform the concerned workers about disbursement of wages.

Average time taken for disbursement of wages under MGNREGA

40. When enquired about the average time taken by Posts for disbursement of wages to labourers, the Department of Posts has informed that Post Office starts disbursement of wages from the next day of the presentation of payment order and availability of fund. Average time taken for disbursement of wages to one labourer in Post Office is 6 minutes.

41. The representative of Department of Rural Development during the course of deliberations informed the Committee that the delay with regard to payment of wages can be captured through MIS data. The representative also assured the Committee that the information with regard to average time taken in disbursement of wages would be submitted to the Committee.

42. When the information was specifically sought from the Department of Rural Development through a post evidence question, the Department responded as under:-

"Mahatma Gandhi NREGA provides that wages must be paid to the workers within a fortnight from the completion of the work. As per data..xxxxx...86 per cent of the wages have been paid within the stipulated time. There has been a delay of 15-30 days in 6 per cent cases, delay of 30-60 days in 4.66 per cent cases, delay of 60-90 days in 1.72 per cent cases and delay beyond 90 days in 1.61 per cent cases."

Payment of compensation in case of delay in disbursement of wages under MGNREGA

43. Schedule II, Rule 30 of MGNREGA Act provides as under:-

"In case the payment of wages is not made within the period specified under the Scheme, the labourers shall be entitled to receive payment of compensation as per the provisions of the Payment of Wages Act, 1936 (4 of 1936)."

44. When asked about the specific cases of compensation, the Department of Rural Development has responded as under:-

"As per available information, compensation paid to the MGNREGA workers in case of delay in payment of wages is as under:-

State	Block	Number of people	Amount paid (in Rs.)
Jharkhand	Khunti	154	308000.00
	Murhu	95	190000.00"

45. When asked why only in one State the compensation was paid, the Department of Rural development has stated that the clarification has been sought from all States in this regard.

Corruption and role of middlemen in disbursement of wages

46. When asked about the role of middlemen and the ransom money received by officials for disbursement of wages, the Department of Posts has stated that they are not aware of the role of middlemen and ransom money received by officials for disbursement of wages. On the issue of labourers getting wages lesser than the amount declared, the Department of Posts indicated that they are not aware of such cases.

47. When asked about the Benami wages system prevailing in the country with regard to MGNREGA wages, the representative of the Department of Rural Development during the course of deliberations stated as under:-

".....about the Benami wages system, unless we go into the thumb-impression based biometric system, we cannot do that, both for recording the attendance and for making payment."

48. About the ransom being taken by the officials, the Secretary, Department of Rural Development during the course of deliberations acknowledged that such

complaints have been received from some of the States where the officials are taking ransom. About the number of corruption cases with regard to the disbursement of wages reported so far, the Department of Rural Development informed as under:-

"The Ministry has so far received a total of 244 cases relating to corruption in disbursement of wages. These include non-payment of wages (106 cases), under payment of wages (59 cases), delayed payments (40 cases) and Bank accounts/Post Office related complaints (39 cases). With a view to avoid corruption in disbursement of wages, payment of wages to the MGNREGA workers has been made mandatory through their accounts in Banks/Post Offices vide notification dated 19.2.2009. To cover the gaps in financial services and outreach and also to ensure greater transparency in wage disbursement, rural ATM, hand held devices, smart cards and biometrics have been initiated."

49. When enquired about the status of use of the aforesaid mechanism by various States/UTs, the Department of Rural Development in the written note submitted as under:-

"Mahatma Gandhi NREGA provides for payment of wages through savings account of the workers in Banks/Post Offices. However, due to non-availability of Banks/Post Offices in some of the remote areas and also to ensure greater transparency in wage disbursement, rural ATMs, hand held devices (HHD), biometrics etc. are being used. In one of the districts of Tamil Nadu, rural ATMs are being used in some villages; Andhra Pradesh is using HHD and the BC model for wage disbursements. Similar initiative at pilot stage is being done by other States like Rajasthan, Uttar Pradesh, kerala, Orissa, Jharkhand.

In order to implement the aforesaid mechanism throughout the country MoRD is in process of implementing a biometric enabled ICT project for capturing all the process of MGNREGA in real time or near real-time through the use of ICT devices and biometrics. The Biometric data to be captured will be UIDAI and core banking complaint."

50. When asked about the number of cases where criminal proceedings under IPC and Prevention of Corruption Act have been initiated against the concerned officials, the Department of Rural Development has informed that:-

"As per reports received from the State Governments, FIRs have been lodged in 23 cases and in 2 cases, directions have been issued to lodge the FIR. One case has been referred to the Uttar Pradesh State Vigilance Establishment for investigation."

51. When specifically asked about the cases of involvement of officials of Post Offices, the Committee have been apprised as below:-

"There is one case in which involvement of officials of Post Office has been reported. It has been reported by the State Government of Jharkhand that FIR has been lodged against the Postmaster and 34 other persons found guilty."

52. With regard to number of corruption cases, the Department of Posts furnished the following information:-

"In seven cases of loss and fraud relating to NREGA Accounts, involvement of officials of Post Offices has been found. The details are as under:-

- (i) Fraud of Rs.18,08,000/- in NREGS accounts at Sankhabaram SO in a/c with Samalkot HO committed by Sri A. Satyanarayana Murthy SPM and Sri Jetla Naga Siva, a Field Assistant (FA) of the NREGS during the period 13.09.2007 to 23.01.2008.
- (ii) Fraud of Rs. 3,05,422/- in NREGS accounts at Godiyada BO in account with Pedamajjipalem SO, Vizianagaram Division committed by Sri B. Sadhu Maheshwara Rao GDS BPM.
- (iii) Fraud of Rs. 4,36,800/- in NREGS accounts at Shatapur BO in a/c with Devaruppula SO, Hanamkonda Division committed by Shri Ch. Showri Rajam, GDS BPM, during the period 09.07.2008 to 28.02.2009.
- (iv) Fraud of Rs. 15,80,409/- committed in NREGS accounts at Pamulapadu SO, Kurnool Division committed by Sri A. Sankar, PA Kurnool HO while on deputation to Pamulapadu SO during the period 22.04.2009 to 01.07.2009.
- (v) Fraud of Rs. 2,50,917/- in NREGS accounts at Velgode SO, Kurnool Division committed by Shri A.Sankar, SPM, during the period 23.03.2009 to 16.04.2009.
- (vi) Fraud of Rs. 12,55,516/- in NREGS accounts at Devalampet BO in a/c with Kothapalle SO, Chittoor Division committed by K.Nagaraja GDS BPM during the period 06.03.2009 to 19.02.2010.
- (vii) Fraud of Rs. 2,16,750/- including temporary misappropriation of Rs.48,570/- in office cash and NREGS accounts at Vengalathur BO in a/c with Pisattur SO, Tirupati Division committed by Shri C.Nagaraju GDS BPM during the period 10.12.2008 to 10.08.2009.

53. The Committee have further been apprised that:-

Departmental investigations in all these cases are on and in respect of cases at serial at (i), (ii) (vi) and (vii) police investigations are also on."

54. When enquired about the number of cases where criminal proceedings have been initiated, the Department of Posts has further stated that:-

"In four cases of loss and fraud relating to NREGA Accounts, involvement of officials of Post Offices has been found and FIRs have been lodged."

55. The Department has further submitted that four officials of the Post Offices have been suspended/put off duty for their involvement in corruption cases in this regard.

Appointment of Ombudsman

56. The Department of Rural Development in the written note has stated that an Order was issued by the Ministry on 7th September, 2009 under Section 27(1) of Mahatma Gandhi NREG Act regarding the establishment of the Office of Ombudsman in districts. When enquired about the details of the redressal cases handled by Ombudsman, the Department has stated that under the Order issued regarding establishment of the office of Ombudsman, it is duty of Ombudsman to send a monthly report to the Chief Secretary and Secretary, State Nodal Department recommending appropriate action. The report shall specially highlight cases where action needs to be taken against erring MGNREGA functionaries for their failure to redress the grievance. The report will be accompanied with primary evidence needed to initiate action against the delinquent persons. Hence, the details of the redressal of cases by the Ombudsman are not available with the Ministry.

57. As regards, the status of appointment of Ombudsman, the information furnished by the Department of Rural Development indicates that barring 5 States viz. Punjab, Sikkim, Manipur, Mizoram and Himachal Pradesh in all other remaining States, Ombudsman has not been appointed in all the Districts. When enquired about the stipulated time frame for appointment of Ombudsman, the Committee have been informed by the Department of Rural Development that the aforesaid Order was issued by the Ministry for the establishment of the office of Ombudsman

in districts within three months of the date of the Order. With regard to the reasons for not appointing Ombudsman in all districts, non-availability of suitable candidates as per the qualifications prescribed in the Order, has been cited as the reasons by the Department of Rural Development.

Toll Free Helpline Number for redressal of grievances

58. As per the information furnished to the Committee, the Ministry of Rural Development has set up a National Toll Free Helpline No. 1800110707 to enable any person to submit their complaints and queries. With regard to the status of complaints lodged on the helpline, the Committee have been apprised that as per the reports available on the MGNREGA web site, a total of 708 complaints have so far been entered on the National helpline. Since implementation of the Act is done by the State Governments, all complaints are sent to the concerned State Governments for taking appropriate action. The Department of Rural Development has further informed that State Governments have been asked to set up similar helpline at State and District level. When enquired about the status of setting up of such helpline, the Committee have been apprised that 24 States/UTs have set up the helpline as reported by the State Governments.

59. On setting up of helpline by the Department of Posts, the Committee have been apprised that there is no such plan to establish a helpline.

Monitoring and Vigilance Committees

60. As per para 10.1.2 of the Operational Guidelines, 2008 of MGNREGA, for every work sanctioned, there should be a local Vigilance and Monitoring Committee (V&MC) composed of members of the locality or village where the work is undertaken, to monitor the progress and quality of work while it is under progress. When enquired about the status of setting up of these Committees, the Department of Rural Development has informed that the information is being collected from the State Governments. When asked whether local MLA or Member of Parliament is a member of such Vigilance and Monitoring Committee, the Committee have been informed by the Department of Rural Development that local MLA or Member of Parliament is not a member of village level Vigilance and Monitoring Committees.

61. The Committee during the course of deliberations have been informed by the representative of the Department of Rural Development that State level Monitoring Committee meets twice a year and District level Monitoring Committee meets on a quarterly basis. When asked about the Monitoring mechanism with regard to holding the meetings by State level and District level Vigilance and Monitoring Committees, the representative of the Department of Rural Development submitted before the Committee as under:-

“When the districts come to us for release of funds out of the check-list, one of the compliance mechanisms is the conduct of Vigilance and Monitoring Committee meetings by the District. That is being scrutinized here. We have again been consistently reminding the States and Districts.”

Social Audit

62. Section 17(2) of MGNREG Act provides that the Gram Sabha shall conduct regular social audit of all the projects under the scheme taken up within the Gram Panchayat. Para 13 of Schedule-I of the Act further provides that every scheme shall contain adequate provisions for ensuring transparency and accountability at all level of implementation.

63. As informed by the Department of Rural Development, this para has been amended vide notification dated 31.12.2008 providing for detailed procedure for conducting social audit by the Gram Sabha. As per the aforesaid notification social audit shall be held at least once in every six month.

64. The Department of Rural Development has furnished a list containing the number of social audit undertaken in respective States/UTs. The analysis of the data furnished by the Department reveal that the number of social audit undertaken during the year 2009-10 was 241338 against the total number of Panchayats covered to the tune of 181021 which clearly indicates that the guideline of holding two sittings in a year is not being complied with. As regards the number of Districts which have not started social audit so far, the data furnished by the Department indicates that in Arunachal Pradesh out of 16 Districts only 5 Districts have started social audit. Besides, in Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep and Puducherry none of the Districts could start social audit. There are gaps between the total Districts and the number

of Districts started social audit in Jammu and Kashmir, Manipur, Uttar Pradesh and West Bengal.

65. The Committee during the course of deliberations have been informed by the Secretary of Rural Development that some State variations with regard to social audit have developed. State of Andhra Pradesh has set up an independent Directorate of Accounts for Social Audit whose effectiveness is more.

Structured mechanism for inspection by the Senior Officers

66. When enquired whether the Department of Posts and Rural Development has any structured mechanism of inspection by the Senior Officers, the Department of Posts has enumerated an elaborated provision as given under:-

“The Department has prescribed inspections of all the Post Offices at regular intervals. The Head Post Offices are inspected twice in a year, while Sub Post Offices and Branch Post Offices are inspected once every year. All the inspecting authorities are required to submit their reports in response to a structured inspection questionnaire. Thus more than 155,000 inspection reports are generated every year. There are inspection branches in all the administrative offices that ensure the timely carrying out of inspections, receipt of inspection reports and compliance to such reports.

In case of Savings Bank transactions, inspecting authorities randomly select the accounts to verify their balances with the accountholders. They also verify all the high-value transactions taking place in Branch Post Offices. Moreover, if there is some suspicion against the work of a Branch Post Master, her/his entire past work is verified.”

Constraints in disbursement of wages through accounts by Post offices MoU entered between the State Governments and the Department of Posts

67. The Department of Rural Development has informed that a MoU has been entered between the State Governments and the Department of Posts which explain in detail the system of disbursement of wages through Post Offices. In MoU, the obligation of the Department of Posts and State Governments and MGNREGA authority has been explained, the details of which as furnished by the Department of Rural Development have been given at Appendix-II.

68. When enquired how far the Department of Posts has met obligations as given in MoU, the Posts has furnished the following information:-

“Department of Posts has met the obligations as given in MoU in respect of training for the staff for acquainting themselves with the

operational procedure and the need for dedicated approach to deliver the services under the MoU, Department of Posts has also provided effective mechanism at all levels for Redressal of grievances and disposal of complaints relating to wage payments through post office savings banks. Adequate manpower is being provided and appropriate cash-flow arrangements have been made for effective implementation of the schemes. Nodal Postal Officer also takes expected steps for linking of villages with Post Offices, prompt disposal of NREGS cheques and disbursement of wages. Postal Officers also attend coordination meeting at various levels regularly. As stipulated in MoU, requests are made for arranging deposit of rolling fund at Post Offices.”

69. The Department of Posts while enumerating the details where State Governments and MGNREGA authorities do not comply with their obligations as enshrined in MoU submitted as under:-

“In many cases, State Government has not deposited the amount of rolling fund with the Post Offices. The wage lists relating to the works performed under the NREGA are not being made available to the Post Offices timely. Further, intimation about the requirement of cash is not intimated to Post Offices in advance. In case of some States, wage lists are deposited at BOs/HOs. These points are brought to the notice of State Government authorities in coordination meetings. As per MoU, the District Programme Coordinator will assess the probable amount of wages to be paid and place an equal amount as deposit with the Head Post Office located at the District Headquarters.”

70. The Department of Posts has further stated that in many States the amount of wages is not being deposited with the head Post Offices in advance as stipulated in MoU.

71. The Department of Rural Development was asked to indicate about the initiatives being taken to address the aforesaid concerns as expressed by the Department of Posts. To this, the Department of Rural Development has stated that the MGNREGA Operational Guidelines, 2008 provides that in order to avoid delays in clearance of cheques or shortage of staff in Banks/Post Office Branches or reluctance of Bankers/Postal Authorities, State Government may discuss the matter in the State level Banking Coordination Committee meetings and with Post Master General of the State. An Advisory regarding the measures to check delay in payments reiterating therein all instructions issued on the subject has been issued to States/Union Territories on 29th October, 2010.

72. The Department of Rural Development has indicated some of the bottlenecks that have been identified by them regarding disbursement of wages by the Department of Posts which includes the following areas:-

- (i) Non-availability of any post office in some Gram Panchayat areas,
- (ii) No proper building for use as post office in many of the interior villages and the residential buildings of the Branch Post Master are used as post office in which it is not safe to keep wages money,
- (iii) Lack of proper security to keep wages money due to lack of police personnel in the State,
- (iv) Covering of more than one District by the Head Office, sometimes resulting in delay in cash transfer.

73. One of the constraints with regard to the disbursement of wages through accounts as identified by the Department of Rural Development is limited outreach of Posts and Banks. As per the information furnished by the Department of Rural Development there are around 6.5 lakh villages in the country while the number of Branches of Banks are 72,165 (Economic Survey, 2007-08) and 1.55 lakh branches of Post Offices (Annual Report 2007-08 of Department of Posts). It means only 25 per cent of the villages are covered.

74. When asked about the initiatives taken by the Posts to address the constraints as mentioned by the Department of Rural Development, the Department of Posts has enumerated the initiatives being taken by them which are as under:-

- (i) Post Offices are being opened at the criteria of distance, population and income. While GP village may not have BO, a post office does exist in a cluster of villages.
- (ii) It is not possible to provide departmental buildings or rent a private building for all Branch Post Offices as the responsibility for providing accommodation for BO rests with Branch Post Master.
- (iii) Lack of proper security is a concern in most of the States. All the CPMGs/PMGs however are making efforts to coordinate with the Police

Departments of their States to ensure adequate and timely security for conveying cash. Branch Post Master is expected to disburse most of cash available at BO and keep balance cash at BO.

75. When enquired about the plans of Department of Posts to address the issue of limited outreach of financial services particularly in the remote areas, the Committee have been informed that the Circles have been instructed to open SB account of all the households with the Post Offices and also to make efforts to cover them under Rural Postal Life Insurance.

76. Posts has further stated that there is no area in the country which is not covered by the Post Offices and their delivery staff. Therefore, disbursement of wages through the Post Offices is feasible at all places in the country.

77. Another constraint identified by the Department of Rural Development is the limited cash handling limit. To address the matter, the Department of Posts has stated that earlier withdrawals above Rs. 2000 was referred to Sub Post Offices for authorizing payment. Now, this has been enhanced to Rs. 5000. The cash limit of BOs have also been increased on need basis. Further, BOs can retain cash against liability. Further, directions have been issued for hiring vehicles to transport cash and funds have been made available for the purpose. The Department has instructed all Circles to relax line limits for cash conveyance during the period when MNREGS wages are being disbursed. Similarly, the cash retention limits at Branch Post Offices have also been enhanced for the period when such wages are being disbursed. Further, as mentioned above, directions have been issued for hiring vehicles to transport cash and funds have been made available for the purpose.

78. The Department has further added that interventions at the level of CPMsG/PMsG are being made to ensure that cash handling capacity is sufficient at the level of Branch Post Masters. Line limit for cash conveyance has been made dynamic and funds have been made available for hiring of transport for conveyance of cash.

Technological Intervention

79. When enquired about the status of computerization of post offices, the Secretary, Posts during the course of deliberations submitted before the Committee the following information:-

“As part of the Eleventh Plan, the CCEA has approved the computerization of all the post offices, departmental as well as village. For the village post offices, we are looking for handsets so that the Branch Post Masters will find it easy to use without large infrastructure of accommodation.”

80. When enquired about the timelines for computerization of Post Offices, the Secretary added that it would be done within this Plan period. With regard to the status of computerization of Post Offices, the Committee during the course of examination of the subject ‘Modernization of Post Offices’ have been apprised (refer to Para 3 and 4 of Part-II of 15th Report of the Committee presented to the House on 23.11.2010) that as on 31st March, 2010, there are a total of 12,604 Departmental Post Offices which have been computerized out of the total 25,538 Departmental Post Offices, the percentage of achievement being only 49.35 per cent. A lot of the work of rural Post Offices is carried out by the Extra Departmental Post Offices and at present out of total 1,55,035 Post Offices 1,29,497 are Extra Departmental Post Offices. If the number of Extra Departmental Post Offices is also taken into consideration, the percentage of computerization of Post Offices comes to just 8.13 per cent. Out of 12,604 Departmental Post Offices computerized so far, the broadband/dial-up connectivity could be provided to just 9483 Post Offices. The same status regarding computerization of Post Offices has been indicated during the course of examination of Demands for Grants 2011-12 of the Committee.

ICT Devices

81. The Department of Posts has informed that the proposed IT induction plan for Rural ICT devices would enable the rural Post Offices to download the data regarding payment of wages and also uplink the data on payment details after payment to the wage earners which will reduce lot of back office work of manual record keeping. The service of GDS Branch Postmasters will be utilized for payment of MGNREGS wages in the rural Post Offices through ICT devices. Gramin

Dak Sewaks are already being utilized for making payments under the MGNREGA Scheme at Branch Post Offices.

82. The Committee have further been informed that under the IT modernization plan of Department of Posts, rural ICT devices are being supplied to 1,30,000 (approx) Branch Post Offices in rural areas, through which the disbursal of MGNREGS wages will be made in addition to the postal operations. Technological intervention will reduce the duplication of procedure and thus the work load on the account offices. Moreover, it will strengthen the monitoring mechanism and provide more secure operation.

83. The Department of Rural Development has informed that ICT devices (e.g. Computers) are being used in all State/UTs. NREGASoft (MGNREGA MIS) software has been formulated and is being used across the country under MGNREGA. Under MGNREGA, States have reported that 93 per cent of the blocks have computers with 51 per cent having internet connectivity.

Integration of MGNREGA MIS with Postal Department MIS

84. The Committee have been informed that the Department of Posts is planning to integrate MGNREGA MIS with its own MIS on MGNREGA after the induction of ICT in all the Branch Post Offices. It is also planning for such integration in case of already computerized post offices. Data entry for the post offices in account jurisdiction of Ajmer HO (Rajasthan), Doranda HO (Jharkhand) and Raipur GPO (Chhattisgarh) has been completed on NREGASoft. The system, however, could not be integrated with the system of the State Governments for want of submission of wage lists in electronic form from the concerned State Government offices.

85. When enquired whether any deadline with regard to integration of MGNREGA MIS with Postal Department MIS has been set, the Committee have been informed that no deadline can be fixed in this regard as it depends on the concerned State Governments to computerize their records and supply the wage lists and pay orders to the Post Offices in a digital form.

The procedure with regard to disbursement of wages under MGNREGA by Posts

86. The procedure with regard to disbursement of wages under MGNREGA as furnished by the Department of Posts is as under:-

- (i) The Programme Officer/Additional Programme Officer at the Block level prepare the lists of workers in each village and habitation and send them to the concerned sub postmaster duly arranging them branch post office-wise and sub post office wise. These lists are used for opening of SB account of the workers in their concerned Post Offices. These SB accounts are allotted separate series of account numbers and do not require any minimum amount of balance for opening as well as for maintaining the accounts.
- (ii) Programme Officer/Additional Programme Officer will assess the wage payment requirement for each BO/SO and intimate the same to Nodal Postal Programme Officer at least 3 days in advance of actual date of issue of wage list. Thereafter, Programme Officer/Additional Programme Officer will generate village wise wage list duly arranging them in BO/SO wise and send 5 copies to SO.
- (iii) The Head Post Master/Sub Post Master assess the requirement of cash on the day of receipt of wage lists for Branch Post Offices including their own offices as per the wage lists and take immediate action to arrange cash and make remittance to Branch Post Office according to the prescribed procedure.
- (iv) For disbursement of wages, in cases where the State Governments authorities have not deposited sufficient amount at the Head Post Offices, they present cheques of actual amount of wages along with the wage lists. The Head Post Office sends the cheques for clearance and on clearance of the cheques the wage lists are sent to the concerned Post Offices for effecting the payments. In case where the sufficient amount has been deposited by the State Governments the wage lists are sent to the concerned Post Offices immediately on receipt for disbursing the wages to the workers.
- (v) Payment of withdrawals commence immediately on receipt of wage lists and availability of funds. Entries relating to deposits/withdrawals in pass book are made on presentation of pass books by wage earners.

87. When enquired whether the Department of Posts has thought of simplifying the procedure whereby on receipt of the wage list by the concerned Post Offices, the amount is immediately deposited in the account of the labourers, the Committee have been informed that the proposed ICT induction in rural Post Offices would simplify the procedure being followed at Post Offices considerably

and such induction would also obviate the need of duplication of work at Sub Post Offices and Head Post offices.

Linking of MGNREGA with UIDAI

88. The Secretary, Department of rural Development in the context of providing unique identity to MGNREGA workers submitted before the Committee as under:-

“.....we have joined hands with UIDAI. Now we are introducing biometric signature and a Unique Identity Number will be provided to all NREGA workers. The UIDAI has appointed as registrars.”

Business Correspondent Model

89. The Department of Rural Department in a written note informed that they are envisaging to implement the Business correspondent Model in which disbursement of wages is made through hand held device (Mobile ATM) using the biometrics or/and the smart cards. The representative of the Department of Rural Development during the course of deliberations informed the Committee that Business Correspondent Model would reduce the distance and the time.

90. While elaborating on this aspect, the representative of the Department of Rural Development during the course of deliberations further added as under:-

“The RBI guideline on the Business Correspondent Model identifies a number of groups or agents who can become agencies. For example, self-help groups can become Business Correspondent Model or any agent which the bank indicates. They have a certain criteria for technical and financial feasibility. The bank appoints them. They are not independent of the banks. In fact, the Post Offices also can become Business Correspondent models for the banks.”

91. On the issue of implementation of Business Correspondent Model, the Committee during the course of deliberations have been informed by the Department of Rural Development as under:-

“As far as the business correspondent model is concerned, some States are having pilots whether it is Rajasthan, Andhra Pradesh or Karnataka. Some States are having these business correspondent models with the Banks and I think, there is one district where they are doing the business correspondent model with the Post Office also.”

92. When enquired whether Posts need Banking Correspondent Model, the Secretary responded as under:-

“...that is not our proposal. We do not need to be banking correspondents. More or less, we have got saving banks of our own. So, we are really not interested in that.”

Inadequate Manpower

93. When asked about the number of vacancies at various levels including Gramin Dak Sewaks, the Department of Posts in their written note has submitted the following data:-

Sl. No.	Cadre	No. of vacancies
1	Indian Postal Service Group A	86
2	Postal Superintendent Service Group B	2404
3	Group C	29413
4	Gramin Dak Sevaks	32862

94. One of the constraints in implementing MGNREGA, as pointed out by the Department of Rural Development is inadequate manpower. When asked about the strategy of Department of Posts to address the aforesaid constraints, the Department has submitted the following information:-

“The Department of Posts has been improving the infrastructural facilities at the branch post offices in a phased manner. The Department has supplied infrastructural equipments worth Rs. 4.39 crore to 8,847 branch post offices during the plan period. The Department is also examining the case to accommodate the branch post offices in the panchayat buildings or at Rajeev Gandhi Seva Kendras, which will greatly improve the infrastructural facilities at the branch post offices.

There are twenty two Postal Circles in the country covering all the States and Union Territories. India Post has a network of 155035 post offices. Sanctioned strength of the Department is 268222 employees. There are different categories of post in each group under Group ‘A’, ‘B’ and ‘C’ (including multi tasking staff) in the Department of Posts, such as Asst. Superintendent of Post Offices, Inspector of Posts, Postal/Sorting Assistance, Postmen, Mailmen, peon, Farash etc. For each category of Posts there are separate notified Recruitment Rules indicating the various modes of recruitment such as promotion, direct recruitment etc.

While there is no ban on recruitment in any grade or post, till recently i.e. up to 31.03.2009, filling up of posts earmarked for direct recruitment quota in various grades as per the provisions of the recruitment rules were subject to

the optimization policy of the Government as enunciated by Department of Personnel and Training vide OM No. 2/8/2001-PIC dated 16th May, 2001. According to these instructions, direct recruitment vacancies could be filled up to the extent of 1/3rd of the direct recruitment vacancies arising in the year subject to a further ceiling that this does not exceed 1% of the total sanctioned strength of the Department.

The above mentioned restriction has since been lifted. Hence from 01.04.2009 onwards all vacancies meant to be filled by direct recruitment can be filled up without any restriction. However, the optimization scheme has resulted in slowing down the recruitment process due to a number of clearances that were required to be obtained as per the laid down procedure.

The vacancies in the various grades in Gr. 'B' and 'C' posts like Postal Assistant/Sorting Assistant, Postman etc. are filled up by the Circles on the basis of the provisions contained in the recruitment rules notified by the Department. These are decentralized cadres and appointment authority is in the Circles. Efforts are on to fill up all the vacant posts. Instructions for filling up of vacant posts of Gramin Dak Sevaks have been issued on 14.7.2009 and reiterated to the Circles."

95. The Secretary during the course of deliberations further added that:

"Regarding departmental vacancies, last year alone, we have filled up about 12,000 vacancies. We have finished the whole recruitment. Now the appointees are in the process of being trained and their certificates are being authenticated, etc. So, we have filled up 12,000 vacancies already and we plan to fill up in the current year another 7000 vacancies."

Payment of Wages at workplace

96. On the issue of disbursement of wages to workers at the workplace, the Secretary, Department of Posts during the course of deliberation submitted before the Committee as under:-

"It did not seem very feasible. We will examine this. It is because the work places of the workers keep on changing; it keeps moving from place to place and so it was not feasible at all. Therefore, we did not do it."

97. The Standing Committee on Information Technology in Fifth Report have recommended to make Divisional Superintendent of Postal Department as the Nodal Officer for the purpose of disbursement of wages under MGNREGA. When enquired whether the local bodies have been requested by the Department to

display the phone number of the Nodal Officer on the display board erected at the work place, the Committee have been informed that the Circles have been asked to request the State Governments to arrange for display of the phone numbers of the postal nodal officers at the work place for MGNREGA.

Helping the Labourers in opening of MGNREGA accounts

98. The Department of Posts has informed that the Post Masters have been asked to provide necessary assistance to all the labourers through Gram Panchayat/Panchayat Secretary in filling in the required forms while opening their accounts in Post Offices.

99. On the issue of involving Self Help Groups, the Department of Posts have clarified that there is no plan to involve Self Help Groups in the task of disbursement of wages under MGNREGA through Posts Offices. The Department have further submitted as under:-

“The involvement of Gram Rozgar Sevak/Gram Panchayat Secretary/Members of the village Organisation/SHGs/NGOs and other social workers is limited to facilitating the NREGA workers towards completing the formalities to open their accounts as well as filling up of withdrawal forms etc. Disbursal of wages will, however, remain exclusively with the Post Offices.”

Training to employees of Posts in handling the task of disbursement of wages under MGNREGA

100. When the Department of Posts was asked to furnish a detailed note on the initiatives made by the Department to train the officers/staff of Posts in handling the task of disbursement of wages to labourers under MGNREGA, the Department of Posts stated as under:-

“Training was conducted by National Institute of Rural Development (NIRD), Hyderabad during Jan-March 2009 for Senior Officers. Middle level officers were trained in May 2009, while the field level officials were trained by NIRD, Hyderabad in Jan 2010. Moreover, all the departmental trainings for the personnel at various levels have a component of exposure to the MNREG Act and the system devised by the Department of Posts to disburse the wages.”

Support for payment of wages to MGNREGA workers through Post Offices

101. On the issue of cost for serving MGNREGA accounts, the Department of Posts in the written note has stated as under:-

"Administrative Staff College, Hyderabad has done an assessment of the costs incurred in servicing MGNREGS accounts. Costs for servicing MGNREGA accounts are as follows:-

- (i) One time cost for opening one MGNREGS account: Rs. 73.99
- (ii) Recurring cost per annum for servicing one MGNREGS account: Rs. 258.31

In addition to the above, Department has to incur additional expenditure to ensure prompt disbursement of wages. These are on account of arrangement for cash conveyance, incentive to staff, arrangement of security, training etc."

102. While examining Demands for Grants (2011-12), the Department of Posts had submitted in their written note that the recurring cost involved in maintaining MGNREGA accounts is Rs. 332.30, which has on an average 10 transactions per year. Whereas an ordinary POSB account has 4 to 5 transactions per year and still Ministry of Finance does not remunerate Department of Posts for MGNREGS accounts (the rate was 129.49 per SB account for the year 2009-10).

103. The Department of Posts, during the course of examination of DFG 2011-12 had also submitted in the written note that in addition to incurring administrative expenses and expenses on maintaining MGNREGA accounts, administrative expenses are also incurred to meet the legal obligations under MGNREGA for making timely payment to wage earners. Such expenditure include making special arrangements for conveyance of cash, security arrangements for cash during its conveyance as well as its storage, providing additional manpower to ensure that all the procedural requirements are timely met so that the payment to wage earners is not delayed.

104. During the year 2008-09 a plan scheme Support for payment of wages to MGNREGA workers through Post Offices was introduced by Planning Commission to support Department of Posts. For the Annual Plan 2008-09, a support of Rs. 80 crore was approved by Ministry of Finance. For the Annual Plan 2009-10, Ministry

of Finance conveyed the approval of Union Finance Minister on the EFC Memo for remuneration of Rs. 100 crore to be paid to the Department of Posts on account of operational and administrative cost for disbursement of wages under MGNREGA. However, Ministry of Finance conveyed that this entire fund of Rs. 100 crore would come from the administrative expenses part of the budget of Ministry of Rural Development under MGNREGA. For 2010-11, unlike 2008-09 and 2009-10, no plan support has been provided to Department of Posts for carrying out MGNREGA work. The matter has been taken up by the Department of Posts with the Ministry of Finance and Ministry of Rural Development. In this connection, a meeting was held in July 2010 under the Chairmanship of Principal Secretary to Prime Minister, which was attended by Secretary, Department of Posts, Secretary MoRD and Secretary, Department of Expenditure. During the meeting, it was decided that for payment of service charges to post offices, Ministry of Rural Development will send a proposal separately to Department of Expenditure, Ministry of Finance. However, Circles have been allotted funds to the tune of Rs. 100 crore from non-plan head at the beginning of this financial year to service MGNREGA accounts.

105. When asked about the decision/direction of Ministry of Finance in this regard, the Department of Rural Development has stated as under:-

"Financial year 2009-10, an EFC memo regarding remuneration of Rs. 100 crore to be paid to the Department of Posts on account of operational and Administrative cost for disbursement of wages under MGNREGA has been approved by Ministry of Finance with the condition that the activity covered by the EFC memo falls squarely under the category of administrative expenses for MGNREGA and hence should be funded from Mahatma Gandhi National Rural Employment Guarantee Act rather than through a separate scheme. It may be mentioned that in the meeting (minutes enclosed) taken by Principal Secretary to Prime Minister on 7th January 2008, the issue of providing financial assistance to the postal system to be able to meet the operational/administrative costs involved in transacting a very large number of accounts was settled with concurrence of Ministry of Rural Development, Department of Post and Department of Expenditure, Ministry of Finance. It was decided that the cost for handling Mahatma Gandhi NREGA accounts ought not to be a part of the Mahatma Gandhi NREGA budget and instead should be a separate budget head under the Department of Post for administrative and operational costs for handling Mahatma Gandhi NREGA accounts.

It was in pursuance to these decisions that the Department of Post had come up with EFC Memo on support of payment of wages to Mahatma Gandhi

NREGA workers through post offices and Ministry of Rural Development had supported the EFC Memo of Department of Post.

The decision communicated by Department of Expenditure, Ministry of Finance that 6% administrative charge of Mahatma Gandhi NREGA should meet the costs incurred by Department of Post on wage disbursement, therefore reverses the decision in the meeting held in the PMO, to which Department of Expenditure had also concurred.

The matter has been under discussion at the Prime Minister's level and in the meeting chaired by Principal Secretary to PM on 22nd July, 2010 regarding payment of service charges to bank/post offices for Mahatma Gandhi NREGA wage payments, it was agreed that for payment of service charges to post offices, Ministry of Rural Development would send a proposal separately to the Department of Expenditure. The proposal is under process."

Part-II

Recommendations/ Observations

The Committee note that Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a landmark legislation whereby the guarantee of 100 days of wage employment in a financial year to every household has been provided. As per para 31 of Schedule (2) of MGNREGA, wages are to be made through the individual or joint accounts of the MGNREGA workers in Banks or in Post Offices. The Committee in this report have examined the system of disbursement of wages to MGNREGA workers through accounts by Post Offices. Since the Department of Rural Development is the nodal Department with regard to implementation of MGNREGA, the Committee besides getting inputs from the Department of Posts also procured the feedback from the Department of Rural Development through written replies and deliberations on various aspects related to examination of the subject. The recommendations/observations that emerged during the course of examination/deliberation of the subject have been contained in this part of the report.

Contradiction between the data as furnished by the Department of Rural Development and the Department of Posts with regard to number of accounts and amount disbursed under MGNREGA

2. The input provided by both the Departments i.e. Department of Posts and Department of Rural Development indicates contradiction on various aspects, particularly on the number of accounts and amount disbursed through Posts. During the year 2008-09 there is a difference of 10 lakh in the number of accounts and 289.94 crore in the amount disbursed. During the year 2009-10 such gap is much wider. In the number of accounts there is gap of 13 lakh and in respect of amount disbursed, the gap is Rs. 1026.25 crore. During the year 2010-11 although the Department of Rural Development has furnished the data one month beyond the data furnished by the Department of Posts such gap is 29 lakh in respect of number of accounts and 1221.99 crore in respect of the amount disbursed. The representative of the Department of Rural Development during the course

of deliberations agreed that there is discrepancy in the data. However, the representative of Posts tried to justify the discrepancy by stating that there is a time lag between actual disbursement of wages through Post Offices and Banks and the loading of the figures on the website. The Committee observe that the aforesaid reasoning of Posts can be accepted in case of the year 2010-11. Such a huge gap in the data furnished by the Department of Rural Development and Posts is not understandable in case of the years 2008-09 and 2009-10 which have been over long back. The Committee feel that huge gaps in the data of the two Departments raises question mark about the system of maintaining as well as monitoring of accounts under MGNREGA, one of the biggest centrally sponsored scheme of the Union Government. While expressing strong displeasure over the matter, the Committee desire explanation from both the Departments i.e. the Department of Rural Development and the Department of Posts.

3. The Committee further note that as per the Operational Guidelines 2008 there is an elaborate provision for audit and review of accounts maintained under MGNREGA at various levels by Local Fund Auditors, Chartered Accountants, District Programme Coordinator and Gram Sabhas. From the discrepancy of the data as mentioned above it seems that all the provisions made in the Operational Guidelines are not being strictly complied with. Not only that the representative of the Department of Rural Development do not seem to be serious with the discrepancy in the data as pointed out during the course of deliberations. He tried to argue that such discrepancy cannot be eliminated unless online real time entry system is implemented. From the status of computerization and the connectivity scenario, the analysis of which has been done in the later part of the report, the Committee find that it would take years to have online real time entry of the accounts throughout the country. The Committee observe that the country cannot wait and sit silently till online system is operational particularly when the discrepancy in the data is very large. The Committee are of the firm opinion that there is disconnect between the Department of Rural Development and Posts with regard to the maintenance of MGNREGA wage accounts. While expressing unhappiness over the way the wage accounts are being maintained, the Committee strongly recommend that

the audit of accounts as per the prescribed procedure should be undertaken at various levels. Not only that the data with regard to the wages disbursed under MGNREGA by the Rural Development and Posts should be reconciled by proper coordination between the said two Departments and there should be transparency in the system. All the desired initiatives should be taken to address the issue and the Committee informed accordingly.

The share of Posts in disbursement of wages under MGNREGA

4. The Committee note that there are around 6.5 lakh villages in the country, while the number of Bank Branches is 72165 and the number of Post Offices is 1.55 lakh. The Banks with even half of the Branches of Posts are able to capture almost 60 per cent of the MGNREGA accounts in the country. The share of Posts is marginal in some of the big States. In Uttar Pradesh, the share of Posts is just 2 per cent and in Kerala it is 5 per cent. The State-wise position further indicates that the share of Posts in some of the difficult States is quite dismal, whereas Posts has claimed that there is no area in the country which is not covered by Post Offices and their delivery staff. The aforesaid position clearly indicates that Posts have failed to leverage their access to every nook and corner of the country.

The Committee further find from the deliberations that whereas the Department of Rural Development has indicated the specific reasons for preference of Banks over Post Offices, the Posts seem contended with the prevailing situation and find their system very effective and systematic. Even when a study by Dreze and Khera undertaken in four States has found that payment in Banks was better than Post Offices and the complaints of the clients were less, Posts during the course of deliberations seemed ignorant of the aforesaid study. Not only that Posts do not seem interested to undertake a study to find out the satisfaction level of labourers in the near future when suggested by the Committee.

From the aforesaid scenario, the Committee conclude that the comparative share of Posts and Banks is the conclusive evidence with regard to choice of Banks over Posts by the various State Governments. As such, there is no point in simply arguing that it is the prerogative of State

Governments to choose Banks or Posts for the purpose of disbursement of wages. The State Governments' apparent choice for Banks is due to their efficiency, better connectivity and their expertise in handling accounts and finance as stated by the Department of Rural Development. The Committee strongly emphasize that the Department of Posts need to act promptly and take the desired initiatives so as to compete with Banks on the issue of disbursement of wages under MGNREGA otherwise it would lose its place in the country. The concrete initiatives in this regard should be taken and the Committee informed accordingly. Besides a study to know the satisfaction level should be undertaken expeditiously by Posts which would help to know the ground reality and in addressing the various problems.

Wages disbursed through cash

5. The Committee note that the Payment of wages through accounts is the statutory requirement as per MGNREGA. In spite of that to the surprise of the Committee, the wages are being disbursed by cash in some of the States. The Committee further take note of the fact that under Section 27(1) of MGNREGA some of the districts have been given exemption from payment of wages through accounts in areas experiencing left extremism in its worst form and also where Banking and Postal Branches are very few in number. The districts given exemption by the Department of Rural Development include some of the districts in Chhattisgarh and Maharashtra State as indicated by the Department of Rural Development. The scenario of disbursement of wages by cash as emerged during the course of deliberations indicates that in other States too, the disbursement of wages is being made by cash. Only in few States 100 per cent of wages are being made through accounts. In Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Tripura and Lakshadweep the wages disbursed through accounts are less than 50 per cent during the year 2009-10. In Lakshadweep, the percentage disbursement of wages through accounts is zero. Worse is the situation in Tamil Nadu where only 0.14 per cent of wages are being disbursed through accounts even when the Department of Rural Development has claimed that there is no extremism there and IT

connectivity is very good. The Committee are of the firm opinion that there is much scope of corruption in case the wages are disbursed by cash. Moreover, the State Governments not complying with the statutory requirement is not understandable to the Committee. The issue needs to be taken up on an urgent basis with the respective State Governments at the highest level. The Committee strongly recommend that their concern in this regard be brought into the knowledge of the Cabinet Secretary so that the issue is taken up urgently at the highest level with the various States particularly Tamil Nadu Government.

Delay in payment of wages under MGNREGA

6. Section 3(3) of the MGNREG Act provides for disbursement of daily wages on weekly basis or in any case not later than a fortnight after the date on which the work was done. Besides, as per Para 7.2 of Annexure II of MoU, payments are to be completed within 3 days from the date of receipt of wage list and availability of funds. Besides, the flow chart indicating the specific time limit for each of the activity has been suggested to the States by the Department of Rural Department to ensure payment of wages within a fortnight. In spite of the statutory requirement and the specified time limit at each level as suggested, there have been cases of delay in payment of wages. Whereas CAG Performance Audit Report number 11 of 2008 undertaken in 17 States has pointed out delay in payment of wages in 213 GPs, to the surprise of the Committee, the Department of Rural Development has received only 40 complaints in this regard. Even when as per the Department of Rural Development one of the bottlenecks in timely disbursement of wages is delay in payment of wages through Post Office even after timely issuance of payment advice to sub-Post Office, the Department of Posts do not seem to be serious on the issue of delay in disbursement of wages under MGNREGA. At one point Posts claimed that no specific complaint of delay has been received. At another point during the course of examination, the Department while acknowledging the delay has stated that there are cases where wage earners could not withdraw the amount within the stipulated timeframe of three days.

With regard to the onus of delay, the Department of Posts has tried to shift the major burden to the State Governments. The Committee conclude from the aforesaid scenario that efforts are not being made by Posts to know the ground reality with regard to the disbursement of wages. The Committee observe that the ground reality in this regard is much worse. There are cases of delay in payment of wages. There is an urgent need on the part of the Department of Rural Development and Department of Posts to find out the actual scenario and take all the desired initiatives so that the labourers who are poorest of the poor in the country get timely wages to meet their day to day requirements.

7. On the issue of wage earners not withdrawing wages within the stipulated time of three days, the Committee observe that perhaps labourers are not being properly informed about the deposit of their wages in their Post Office accounts. The Department of Posts needs to review their system and find out some mechanism to inform the labourers about depositing of their wages in their accounts on the same day. The display of information with regard to depositing of wages at the workplace can be one of the proposed mechanism in this regard. The Department should take the desired action as suggested and inform the Committee accordingly.

Average time taken for disbursement of wages under MGNREGA

8. The Committee note that as per the reply given by the Department of Posts, the average time taken in disbursement of wages to one labourer in Post Office is six minutes. When the issue of average time taken for disbursement of wages was addressed to the Department of Rural Development, the representative during the course of deliberations responded that the delay with regard to wages can be captured through MIS data and assured the Committee that the status of average time in disbursement of wages would be submitted. When the question was specifically raised through post evidence question, the Department instead of furnishing the details about the average time taken in disbursement of wages has furnished the status of delay with regard to disbursement of wages. Whereas in the earlier replies furnished by the Department of

Rural Development, it has been stated that 40 complaints relating to delay in payment of wages have been received in the Department, the post evidence replies states that in 86 per cent of the cases wages have been paid within the stipulated time which means that in 14 per cent cases there is delay in disbursement of wages. Not only that in 1.61 per cent of the cases, the delay has been reported to be beyond 90 days. The sum total of number of accounts in Post Offices for the three years i.e. 2008-09, 2009-10 and 2010-11 (upto November) is 11.78 crore as per the data furnished by the Department of Rural Development. Even if the number of Bank accounts is not taken into consideration, and it is presumed that in one MGNREGA account payment has only been made once in each year, in 1.6492 crore cases (14 per cent of the 11.78 crore accounts) there has been delay. The said data clearly indicates that the situation is alarming. The ground situation in this regard may be further worse. What is more disappointing to the Committee is the lack of seriousness on the part of the Department of Rural Development and Posts. The Committee at the various stages of examination of the subject have been furnished various data with regard to delay in disbursement of wages under MGNREGA. The initial information furnished by both the Departments indicated a very satisfactory position. However, when the issue was dug further by the Committee, the aforesaid data which indicates the delay in as much as 14 per cent of the cases has been furnished by the Department of Rural Development.

While expressing serious concern over the ground situation in this regard, the Committee strongly recommend to identify the districts, blocks, villages where the number of delay cases are much more and identify the reasons for the delay so that the corrective action can be taken. The action on the suggested line should be taken and the Committee apprised accordingly.

Payment of compensation in case of delay in disbursement of wages under MGNREGA

9. The information furnished by the Department of Rural Development indicates that only in Jharkhand compensation to 249 persons in Khunti and Murhu blocks has so far been made whereas the labourers as per the Act are entitled to receive payment of compensation as per the provisions made under Payment of Wages Act, 1936 (4 of 1936). What is more disappointing is the fact that the Department of Rural Development on its own has never tried to find out the status of compliance of the aforesaid provision by the various State Governments. It was only when the issue was raised by the Standing Committee on Information Technology during the course of deliberations that Rural Development Department agreed to seek the clarification from all States in this regard. The Committee would like the Department of Posts to follow the Department of Rural Development in this regard and the response received from the State Governments should be furnished to the Committee. Besides, efforts should be made to ensure that all the labourers where the delay is there are duly compensated as per the provisions made in the Act.

10. The Committee from the status of payment of compensation to labourers observe that perhaps labourers are not aware of their statutory rights. There is an urgent need to take the initiative to make the labourers aware of their rights as envisaged under MGNREGA through various mechanisms which may include print and electronic media, Gram Sabha meetings, display of information at Panchayat Headquarters etc. The Department of Posts in coordination with the Department of Rural Development should take all the initiatives for spread of awareness amongst labourers about their rights under MGNREGA so that they can put pressure on the Posts and Banks for timely payment of wages.

Corruption and role of middleman in disbursement of wages

11. The Committee find that as per the records of the Department of Rural Development, a total 244 cases relating to corruption in disbursement of wages have so far been reported. With regard to the

number of corruption cases in Posts, as per the Department of Posts, 7 cases of loss and fraud related to MGNREGA accounts have been found and in four such cases FIRs have been lodged. The Committee are surprised to note that with the aforesaid specific cases of corruption as reported during examination, the Department of Posts when specifically asked about the role of middleman, ransom money received by officials and the labourers getting wages lesser than the amount declared has chosen to be ignorant of the matter. The Committee are unhappy over the way the Department has responded to such a serious question raised by the Committee during the course of deliberations.

The Committee further feel that the number of corruption cases as reported is just the tip of iceberg and the real situation in this regard may be more serious. There may be a number of cases of role of middleman, ransom money demanded and the labourers getting wages lesser than the amount declared. Besides, Benami wage system is prevailing in the country. The Committee find that some sort of guarantee of employment has been envisaged through MGNREGA which if implemented in a proper way can help to eradicate poverty in the country. Moreover, money in the hands of the poor persons can increase their purchasing power which can boost the economy of the country. There is an urgent need to pay serious attention by all the stakeholders which include the Ministries concerned, State Governments, Banks, Post Offices and Civil Societies. The Department of Posts and Rural Development should take all the desired initiatives so that the guarantee scheme is implemented in a proper way thereby benefitting the last person of the society in the country.

Appointment of Ombudsman

12. The Ministry of Rural Development on 7th September 2009 issued an order under Section 27(1) of MGNREGA regarding the establishment of the office of Ombudsman in various districts within three months of the date of order. Even when the stipulated timeline for appointment of Ombudsman was given, the deliberations held by the Committee reveal that Ombudsman has not been appointed so far in all the districts. From the information furnished by the Department, the Committee note that only in

5 States viz. Punjab, Sikkim, Manipur, Mizoram and Himachal Pradesh Ombudsman has been appointed in all the districts. Non-availability of suitable candidates as per the prescribed qualifications in the order has been cited as reason by the Department of Rural Development for non-appointment of Ombudsman in all the districts. The Committee feel that qualification criteria need to be reviewed by the Government so as to ensure that the Ombudsman is appointed in all the districts which would definitely help in effective implementation of MGNREGA.

13. The Committee further note that guarantee scheme is the flagship scheme of the Central Government and all the outlay required for the scheme is being provided to the State Governments by the Central Government. Even then the Department of Rural Development is least bothered to find out the details of the redressal cases handled by Ombudsman. When specifically asked, the Committee have been apprised that Ombudsman is supposed to send a monthly report to the Chief Secretary and Secretary of State Nodal Department recommending appropriate action. The Committee are of the firm view that the Department of Rural Development should monitor the functioning of the various mechanisms established under the Central Act i.e. MGNREGA. The Department of Rural Development cannot be contended with formulating the scheme and issuing guidelines. The concerns of the Committee should adequately be conveyed to the Department of Rural Development so that the desired action is taken on their part.

Toll Free Helpline Number for redressal of grievances

14. The Committee are satisfied to note that National Toll Free Helpline Number 1800110707 to enable any person to make the complaint or query has been set up by the Ministry of Rural Development and a total of 708 complaints have so far been entered on the National Helpline. The Committee would like the Department of Rural Development to give publicity to the aforesaid helpline so that more and more persons make use of the National Helpline, to address their grievances.

15. With regard to the Helpline by the State Governments, the Committee note that 24 States/UTs have set the Helpline as reported by the State Governments. The Committee emphasize that the remaining States should be further motivated to set up the Helplines.

16. On the issue of setting up of Helpline by the Department of Posts, the Committee are unhappy to note the casual attitude of the Department. When the issue was specifically raised, the Department in an uninterested way has stated that there is no such plan to establish a Helpline. The Committee strongly recommend that on the lines of National Helpline and State Helpline, the Department of Posts should immediately set up a Helpline at the National level as well as at Circle/local level whereby the labourers can report with regard to their grievances about the payment of wages through Posts accounts, the issue being delay in payment of wages, ransom demanded by the officials or any other matter connected with the disbursement of wages by Posts.

Monitoring and Vigilance Committees

17. Operational Guidelines of MGNREGA provides setting up of a Local Vigilance and Monitoring Committee composing of the members of the locality or village where the work is undertaken to monitor the progress and quality of work while it is under progress. The Committee observe that setting up of Monitoring Committee at the village level is the most effective monitoring mechanism. There is an urgent need to monitor and study the working of these Committees. Besides, the Committee during the course of deliberations have been informed that State level Monitoring Committee meets twice a year and District level Monitoring Committee meets on a quarterly basis. To make the meetings of these Committees really effective, the representatives of Posts and Banks and other related State Governments and local Government officials along with local MLAs and MPs should also be invited at the sittings of the Committees. The desired specific guidelines in this regard should be formulated and circulated to the State Governments for compliance. Besides, the outcome of the sittings of these Committee should be constantly monitored by the

Union Department of Rural Development and the Department of Posts. The structured mechanism to review the functioning of the various levels of monitoring Committees need to be formulated.

18. The Committee note that District and State level Monitoring Committees have been set up whereby the local Member of Parliament is Chairperson and if there are more Members of Parliament they are called co-Chairpersons. The Committee in this regard would like to recommend that the similar status of co-Chairperson should be provided to the Rajya Sabha M.P. also. The Department of Posts should follow the Department of Rural Development in this regard.

Social Audit

19. Section 17(2) of MGNREGA provides that the Gram Sabha shall conduct regular social audit of all the projects taken up within the Gram Panchayat. As per the notification of the Department of Rural Development social audit shall be held at least once in every six months. The details of the number of social audits held indicates that the Guideline to hold two sittings in a year is not being complied with. Not only that all the districts in various States have not started social audit. The Committee observe that the provision of social audit is an important monitoring provision which provides the opportunity to the beneficiaries to inspect the accounts. It is a mechanism where all the details of the projects are scrutinized by the assembled public. Moreover, holding of two sittings in a year is the statutory requirement. As such the State Governments should ensure that the stipulated number of social audits are held in every Gram Panchayat. Besides, the Committee would also like to recommend that the officials of the Department of Posts and the Banks which are the wage disbursing authority under MGNREGA are also mandated to be present at the social audit of MGNREGA so that there is direct interaction between the public and the respective officials and the grievances of the public are addressed on the spot. Not only that this mechanism would further help to find solutions to the problems being faced in implementation of the

programme and very good suggestions would emerge for the effective implementation of MGNREGA.

20. It has emerged during the deliberations that State of Andhra Pradesh has set up an independent Directorate of Accounts for social audit whose effectiveness according to the Department of Rural Development is more. The Committee feel that there may be variations of conduct of social audit in various States which need to be studied and the best of the models to be replicated in other States. The desired action in this regard may be taken by the Department of Posts and Department of Rural Development.

Structured mechanism for inspection by the Senior Officers

21. The Committee take note of the structured mechanism for inspection by the senior officers of Posts. In this regard, the Committee may like to recommend to the Department to have a system of analyzing the inspection reports of the officers with regard to disbursement of wages to labourers under MGNREGA by Posts. The suggested system would help the Department in analyzing the ground reality with regard to disbursement of wages and taking the desired corrective measures for the efficient system of disbursement of wages by Posts.

The obligation on the part of State Governments as per MoU entered between the State Government and Department of Posts

22. The Committee observe that a MoU has been entered between State Governments and the Department of Posts whereby the obligation of the Department of Posts and State Governments and MGNREGA authority has been explained. The Department of Posts during the course of deliberations has enumerated the details whereby MGNREGA authorities do not comply with their obligations as enshrined in MoU which include State Governments not depositing the amount of rolling fund with Post Office, non-availability of the wage list relating to the works performed under MGNREGA, non-intimation of requirement of cash in advance, non-depositing of the amount with the Head Post Office in advance. The Committee while taking note of the non-compliance of the obligations on

the part of the State Governments/MGNREGA authorities would like the Department of Rural Development to take up the issue with the various State Governments so that the labourers can get the timely wages.

23. The Department of Rural Development on their part have also raised some of the bottlenecks identified by them regarding disbursement of wages by Posts. During the course of deliberations, one of the concerns identified is limited outreach of Posts and Banks. The Committee are constrained to note that when aforesaid constraint was specifically brought to the knowledge of the Department of Posts, they seem contented with the existing status of outreach of Post Offices whereby Posts has claimed that there is no area in the country which is not covered with the Post Office and their delivery staff. The Committee again caution the Department over their contentment on the various issues. Providing financial services to every nook and corner of the country is the challenge before the country and Posts' contention that there is no scope for further extension of Post Offices is not appreciable particularly when only 25 per cent of the villages in the country as per the Government's own data are covered by Banks/Post Offices. The Committee strongly recommend that the financial services through Posts should be made available to each and every person of society by taking the suitable measures.

Technological Interventions, usage of ICT Devices and Integration of MGNREGA MIS with Postal Department MIS

24. The Committee during the course of deliberations with the representatives of the Department of Posts and Department of Rural Development have been apprised that the payment system not connected on a real time basis with the MGNREGA ICT system was the major deficiency resulting into discrepancy in the data being maintained by both the Departments. Besides, the Department of Rural Development has acknowledged that integration of MGNREGA MIS with the Postal Department MIS is proposed for tracking fund flow and wages crediting into accounts of wage beneficiaries. Not only that computerization and the proposed ICT induction in rural Post Offices is considered a panacea to

address the various problems which include limited outreach of financial services in the country, complicated and lengthy procedures for disbursement of wages and above all delay in disbursement of wages to labourers etc.

Even when such a great importance has been given to the computerization of Post Offices, the progress in the task of computerization does not seem to be very optimistic. As per the data furnished by Posts out of 25538 Departmental Post Offices, 12604 Departmental Post Offices could be computerized so far. What is more disappointing is that out of the computerized 12604 Departmental Post Offices 9483 Post Offices could be provided broadband/dial-up connectivity. So far as the issue of computerization of Extra Departmental Post Offices is concerned, the Department's proposal to provide ICT device to Gramin Dak Sewaks, Branch Post Master is still on the proposal stage. Integration of MGNREGA MIS with Postal Department MIS which would provide better coordination between the two Departments and address to various issues as highlighted above is possible when all the Post Offices are computerized. The information furnished by Posts indicates that data entry for the Post Offices in account jurisdiction of Ajmer HO (Rajasthan), Doranda HO (Jharkhand) and Raipur GPO (Chhattisgarh) could only be completed on NREGASoft. The system in these Post Offices could not be integrated with the system of State Governments for want of submission of wage list in electronic form from the concerned State Government Offices. The Committee conclude from the aforesaid scenario that computerization of Post Offices and the various technological interventions suggested by both the Departments are still on initial stage. It would take years together when all the Post Offices would actually be computerized. The Committee here may like to emphasize to speed up the process of computerization of Post Offices so as to make the system of disbursement of wages effective.

Linking of MGNREGA with UIDAI

25. The Committee are happy to note that the Department of Rural Development has joined hands with UIDAI and is introducing biometric signature. As per the plan a Unique Identity Number would be provided to all MGNREGA workers, and for this UIDAI has appointed Department of Rural Development as registrar. The Committee feel that this is a step in the right direction and hence, should be implemented with right earnest. The Committee may be kept apprised about the status of its implementation.

Business Correspondent Model

26. The Committee during the course of deliberations have been informed by the Department of Rural Development that in some States Business Correspondent Model is being implemented on a pilot basis. As per the RBI guidelines, the Banks appoint agencies like Self-Help Groups which can become Business Correspondent for the purpose of disbursement of wages under MGNREGA through hand held devices (mobile ATM) using biometrics or/and the smart cards. The Committee have also been apprised that Post Offices can also become Business Correspondent Models for the Banks.

So far as the Post Office becoming Business Correspondent Model for the Banks is concerned, the Committee again note the contradiction between the position explained by the representatives of the Department of Rural Development and Posts. Whereas the Secretary, Posts acknowledged that they do not want to become Business Correspondent, the representative of the Department of Rural Development apprised the Committee that there is one district where Banks are having the Business Correspondent Model for Post Offices. While appreciating the stand of the Department of Posts for not being interested in becoming Business Correspondent for Banks, the Committee may like to emphasize to use the services of Gramin Dak Sewaks for the purpose of disbursement of wages under MGNREGA. So far as the contradiction between the stand of the Department of Posts and the actual position whereby the representative of the Department of Rural Development has stated that in one district

Banks are having Post Offices as Business Correspondent, the Committee would like the Department of Posts to clarify the position in this regard.

Inadequate Manpower

27. The Committee note from the information furnished by the Department of Posts that 31903 Posts which include Group 'A' service 86 posts, Postal Superintendent Service Group 'B' 2404 posts and Group 'C' 29413 posts are lying vacant. With regard to the vacancies of Gramin Dak Sewaks 32862 posts are lying vacant. The Committee have further been apprised during the course of deliberations that the Department was facing problems in filling the vacancies due to optimization policy of the Government whereby direct recruitment vacancies could be filled up to the extent of 1/3rd of the direct recruitment vacancies arising in the year subject to a further ceiling that does not exceed 1 per cent of the total sanctioned strength of the Department. The aforesaid restriction has been lifted w.e.f. 1 April, 2009 and the Department is making efforts to fill up the vacancies. In this direction 12,000 vacancies were filled up during the previous year and during the current year another 7,000 vacancies are planned to be filled up. The Committee may like to recommend to the Department to take the desired initiatives to fill up the vacancies in a time bound manner so that Posts can further increase their area of activity particularly under MGNREGA and the wages to the labourers are disbursed effectively.

Payment of Wages at workplace

28. The Committee in their various reports have been recommending to find out ways to disburse wages to labourers at the workplace. The aforesaid proposal do not seem to be feasible to the Department, the reason being frequent change of workplace. The Committee may like to observe that the aforesaid constraint can be addressed if the wages are paid in time. As such, the initiatives may be taken to disburse the wages timely and the Committee's recommendation to make arrangements to disburse the wages at workplace may be considered by the Department.

29. The Committee in their earlier reports have been recommending to make Divisional Superintendent of Postal Department as a nodal officer for the purpose of disbursement of wages under MGNREGA and display the phone number of the nodal officer on the display board erected at the workplace. The Committee have been apprised that Circles have been asked to request the State Governments to arrange for display of the phone number of the postal nodal officers at the workplace in MGNREGA. The Committee in this regard may like to emphasize that there is an urgent need to coordinate with the local bodies so that the information about the nodal officer for the purpose of disbursement of wages under MGNREGA is displayed at the work site. Besides, as suggested by the Committee in this report, the toll free numbers for grievance redressal should be identified and the information displayed at the work site after duly coordinating with the local bodies.

Helping the Labourers in opening of MGNREGA accounts

30. The Committee find that services of Gram Rozgar Sevak/Gram Panchayat Secretary/Members of the village Organization/SHGs/NGOs and other social workers are being used to help the labourers in completing the formalities to open their accounts as well as filling up of withdrawal forms etc. The initiatives are in the right direction and need to be continued so that illiterate labourers can be assisted in opening the accounts and withdrawing money from their Posts accounts.

Training to employees of Posts in handling the task of disbursement of wages under MGNREGA

31. While taking note of the initiatives taken by the Department to train the employees of Posts in handling MGNREGA accounts, the Committee may here like to emphasize that illiterate labourers need a different approach from the respective officers/staff of Posts. As such, the training curriculum should include ways to sensitize the officers/staff of Posts about the type of clients they are dealing with while disbursing the wages under MGNREGA. The right approach on the part of the officers/staff would certainly increase the satisfaction level of the labourers and thereby

would help Posts in extending their place under MGNREGA throughout the country.

32. The Committee may further like to emphasize that MGNREGA has given lot of opportunities to Posts to extend their saving account network throughout the country. There is an urgent need to capture the opportunity by taking the benefit of vast coverage of Posts throughout the country. The Posts need to act proactively to take benefit of the opportunity provided to them.

Support for payment of wages to MGNREGA workers through Post Offices

33. The Committee note that in addition to incurring administrative maintenance expenses on MGNREGA accounts, the Department of Posts has to also incur administrative expenses to meet the legal obligations under MGNREGA for making timely payment to wage earners which include making special arrangements for conveyance of cash, security arrangements for cash during its conveyance as well as its storage, providing additional manpower to ensure that all the procedural requirements are timely met so that the payment to wage earners is not delayed. The Committee are perturbed to learn that for the year 2010-11, unlike 2008-09 and 2009-10, no plan support has been provided to Department of Posts for carrying out MGNREGA work. Besides, Ministry of Finance who had earlier conveyed the approval of Union Finance Minister on the EFC Memo for remuneration of Rs. 100 crore to be paid to the Department of Posts on account of operational and administrative cost for disbursement of wages under MGNREGA, has said that this entire fund of Rs. 100 crore would come from the administrative expenses part of the budget of Ministry of Rural Development under MGNREGA.

In this connection, a meeting was held in July 2010 under the Chairmanship of Principal Secretary to Prime Minister, and it was decided that for payment of service charges to Post Offices, Ministry of Rural Development would be sending a proposal separately to the Department of Expenditure, Ministry of Finance, which is still under process. The Committee are of the firm opinion that since the Department has to incur additional expenditure for prompt disbursal of wages, apart from the cost

of opening and servicing the MGNREGS account, the decision on providing remuneration to Department of Posts on account of operational and administrative costs for disbursement of wages under MGNREGA should be positive and be taken immediately.

**New Delhi
23 August, 2011
1 Bhadra, 1933 (Saka)**

**RAO INDERJIT SINGH
Chairman
Standing Committee on
Information Technology**